

AS

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 97-103-C - ORDER NO. 97-693

AUGUST 11, 1997

IN RE: Request of Pond Branch Telephone Company) ORDER
for Approval of Depreciation Rates.) GRANTING
) REVISED
) DEPRECIATION
) RATES

This matter comes before the Public Service Commission of South Carolina (the Commission) on the request of Pond Branch Telephone Company (Pond Branch or the Company) for approval of Revised Depreciation Rates for central office switching equipment, circuit equipment, and general purpose computers. Pond Branch requested that the rates be made effective as of January 1, 1997.

The Commission's Executive Director instructed Pond Branch to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected area. The purpose of the Notice of Filing was to inform interested parties of Pond Branch's Application and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. Pond Branch complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. The Consumer Advocate for the State of South Carolina (the Consumer Advocate) filed a Petition to Intervene in this matter.

A hearing was held in this matter on July 31, 1997, with the Honorable Guy Butler, presiding. Pond Branch was represented by Margaret M. Fox, Esquire and John M. Bowen, Jr., Esquire. Pond Branch presented the testimony of L.B. Spearman. The Intervenor, the Consumer Advocate was represented by Elliott F. Elam, Jr., Esquire. The Consumer Advocate presented no witnesses. The Commission Staff was represented by F. David Butler, General Counsel. The Commission presented the testimony of David S. LaCoste.

The Company proposed changes in depreciation rates to three accounts, digital switching, circuit equipment, and general purpose computers.

The Company proposed a change in the depreciation rate for digital switching from 7% to 12%. The Company also proposed a change in its rate for circuit equipment from 8.3% to 12%. The Company stated that its request in these areas was in the range of what has been approved for other companies, with several companies having rates in excess of the 12% rate for the two categories. Further, the Company requested a change in the rate for general purpose computers of 25%. Subsequent to its filing, the Company revised its request to 20% for general purpose computers.

Staff examined the matter, and agreed that the digital switching and circuit equipment proposed rates were appropriate and within the range of rates being used by the various local telephone companies within the State. Staff witness David LaCoste found that the 12% request seem particularly appropriate for

digital switching in light of the rapid market and technological changes which are taking place within the industry. Further, LaCoste testified that the circuit equipment revision fit within the range of rates seen by other incumbent local telephone companies within South Carolina. LaCoste further stated that the present 20% rate for computers was adequate, and that the Internal Revenue Service allowed a write-off of no less than five years, or 20% for tax purposes for this type of equipment. LaCoste stated his belief that the 20% rate was appropriate. The Company concurred with this request. LaCoste stated that the proposed rates produce an annual expense increase of \$572,116.

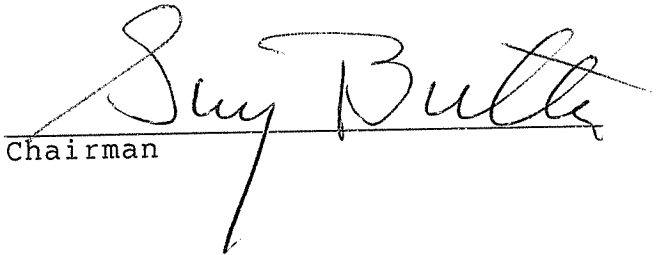
The Company stated that it did not anticipate any adjustment in its local exchange rates as a result of the filing.

The Commission has examined this matter, and approves the change to 12% in both digital switching and circuit equipment, and agrees that the 20% rate for general purpose computers should be left as is for the reasons stated in Staff witness LaCoste's testimony. The changes are hereby made effective January 1, 1997.

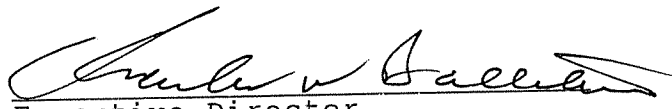
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This Order shall remain in full force and effect until
further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director
(SEAL)